FDI in Textiles Sector

1609. SHRIMATI N.P. DURGA: Will the Minister of TEXTILES be pleased to state:

(a) what concrete steps/plans Government have taken to attract F.D. Investment to the tune of Rs. 60,000 crores and create one million jobs in the next five years as envisaged by the Textiles Minister;

(b) whether Government is thinking of protecting small and medium textile units from 1st January, 2005 when quota system ended, apart from Technology Upgradation Fund Scheme;

(c) whether any action plan has been prepared by Government to meet post 2005 regime; and

(d) if so, the details thereof?

THE MINISTER OF TEXTILES (SHRI SHANKERSINH VAGHELA): (a) Recently, the Government in the Budget 2004-05 has taken a number of fiscal duty measures to support investment and growth in textile sector. The duty structure of textiles has been completely revised. Except for mandatory duty only on man-made fibres/yarns, other textile goods will be fully exempt from duty if no credit of duty is taken under the CENVAT Credit Rules. For those opting to pay the duty and thereby avail of duty credit, the applicable rates of duty will be 4% for cotton textile items (i.e., yarns, fabrics, garments and made-ups) and 8% for other textile items including yarn, fabrics, garments, and made-ups. Besides, exemption has also been given from Additional Duty of Excise on Textiles and Textile Articles (AT&T) and Additional Excise Duty *in lieu* of Sales Tax (AEDST). The measures taken would stimulate and encourage new investments in quality and technology upgradation. The additional investment to the tune of Rs. 60,000 crores in next five years is expected to flow in the textile sector for setting up of new capacity and towards modernization/technology upgradation.

(b) to (d) The Budget announcement would relieve the small and medium units of problems related to maintaining excise records and complying to excise procedures, reduce their cost of production and enhance their competitiveness to compete with confidence in domestic as well as international market. Besides, Government has been taken a number of steps from time to time to provide an enabling environment for the industry

to meet the emerging global competition and to attract investment and create employment opportunities. Some of the important initiatives taken are:

(i) The Technology Upgradation Fund Scheme (TUFS) has been made operational from 1.4.1999 to facilitate the modernisation and upgradation of the sector.

(ii) Weaving, processing and garment machinery, which are covered under TUFS, have been extended the facility of accelerated depreciation at the rate of 50%. Cost of machinery has also been reduced through Fiscal Policy measures. This further encourages modernisation.

(iii) The Government has launched a centrally sponsored scheme titled "Apparel Park for Export Scheme" for imparting focused thrust for setting up of apparel manufacturing units of international standards at potential growth centres and to give fillip to exports.

(iv) For upgrading infrastructure facilities at important textile centers, a scheme "Textile Centre Infrastructure Development Scheme" (TCIDS) has been launched.

(v) De-reservation of woven garment industry.

(vi) SSI investment limit for hosiery/knitwear sector increased from Rs. 1 crore to Rs. 5 crores.

Concessions for powerloom sector

1610. SHRIMATI S.G. INDIRA: Will the Minister of TEXTILES be pleased to state:

(a) whether it is a fact that the powerloom sector has demanded more concessions;

(b) if so, the details thereof and the steps taken by Government in this regard;

(c) whether it is also a fact that the Indian Cotton Mills' Federation has urged the Government to ensure a level playing field for different segments of the textile industry; and